

Managed volatility

Smoothing your return path

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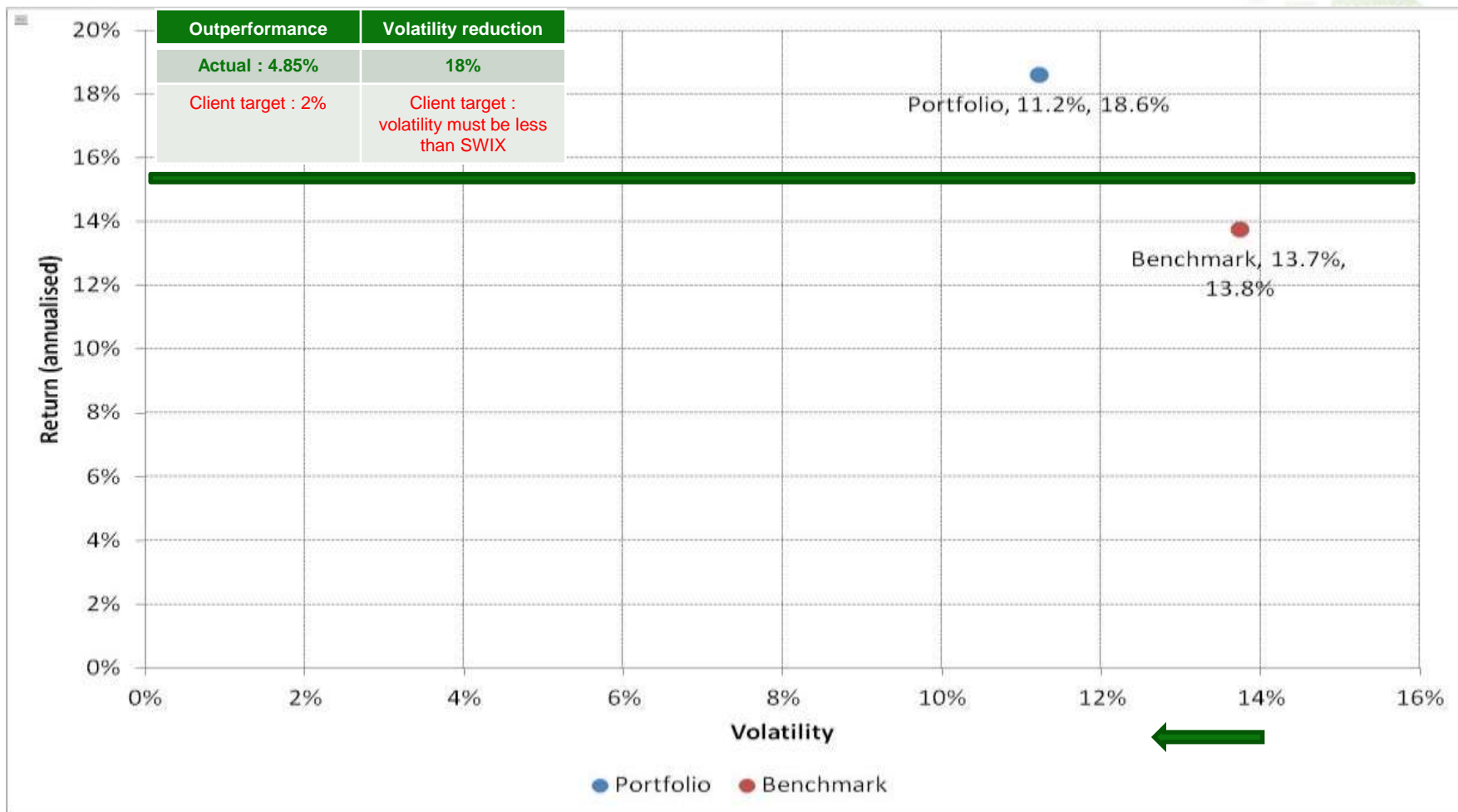


OLD MUTUAL

Investment Group

Quantitative
Investments

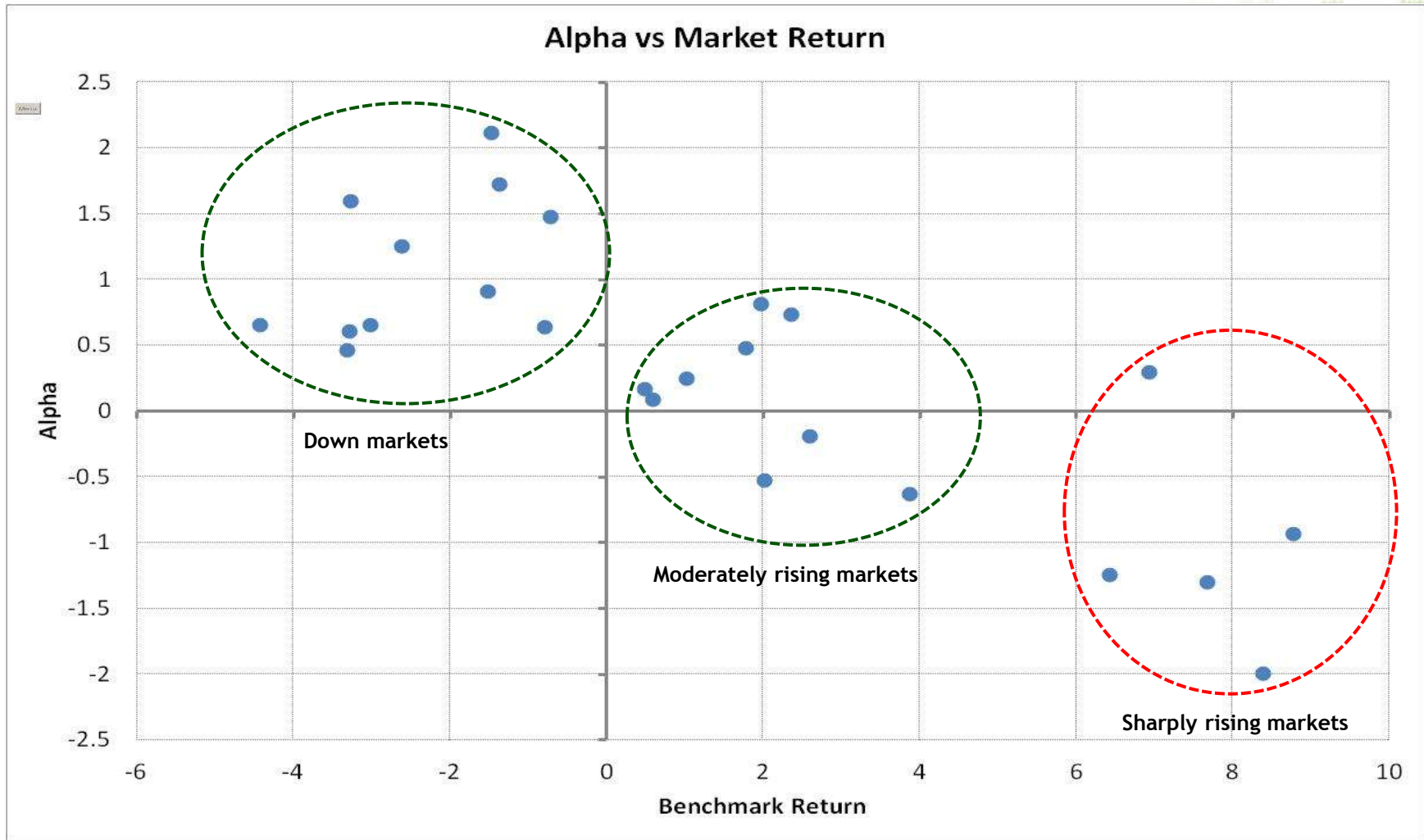
Exceeding client objectives



(Since inception) December 2009 - December 2011

Source: OMIGSA

Robust performance ...



(Since inception) December 2009 - December 2011

Source: OMIGSA

Indicative rankings

Fund	Annualised return	Rank
Foord Equity	18.90%	1
<i>Old Mutual Managed Volatility Fund</i>	<i>18.62%</i>	
Marriott Dividend Growth	17.64%	2
Stanlib Equity	15.56%	3
Imara Equity	15.53%	4
Harvard House General Equity	15.35%	5

(Since inception) December 2009 - December 2011

Source: OMIGSA and Micropal

Unique alpha source

<u>Correlation of alphas</u>	Alpha	Old Mutual Managed Volatility
Foord Equity	5.1%	0.53
Old Mutual Managed Volatility	4.8%	1.00
STANLIB Equity	2.0%	0.46
Coronation Equity	1.0%	0.12
Allan Gray Equity	0.2%	0.60
Old Mutual Top Companies	-2.4%	0.39
Old Mutual Investors	-2.5%	-0.02
Investec Equity	-3.1%	0.31

(Since inception) December 2009 - December 2011

Source: OMIGSA

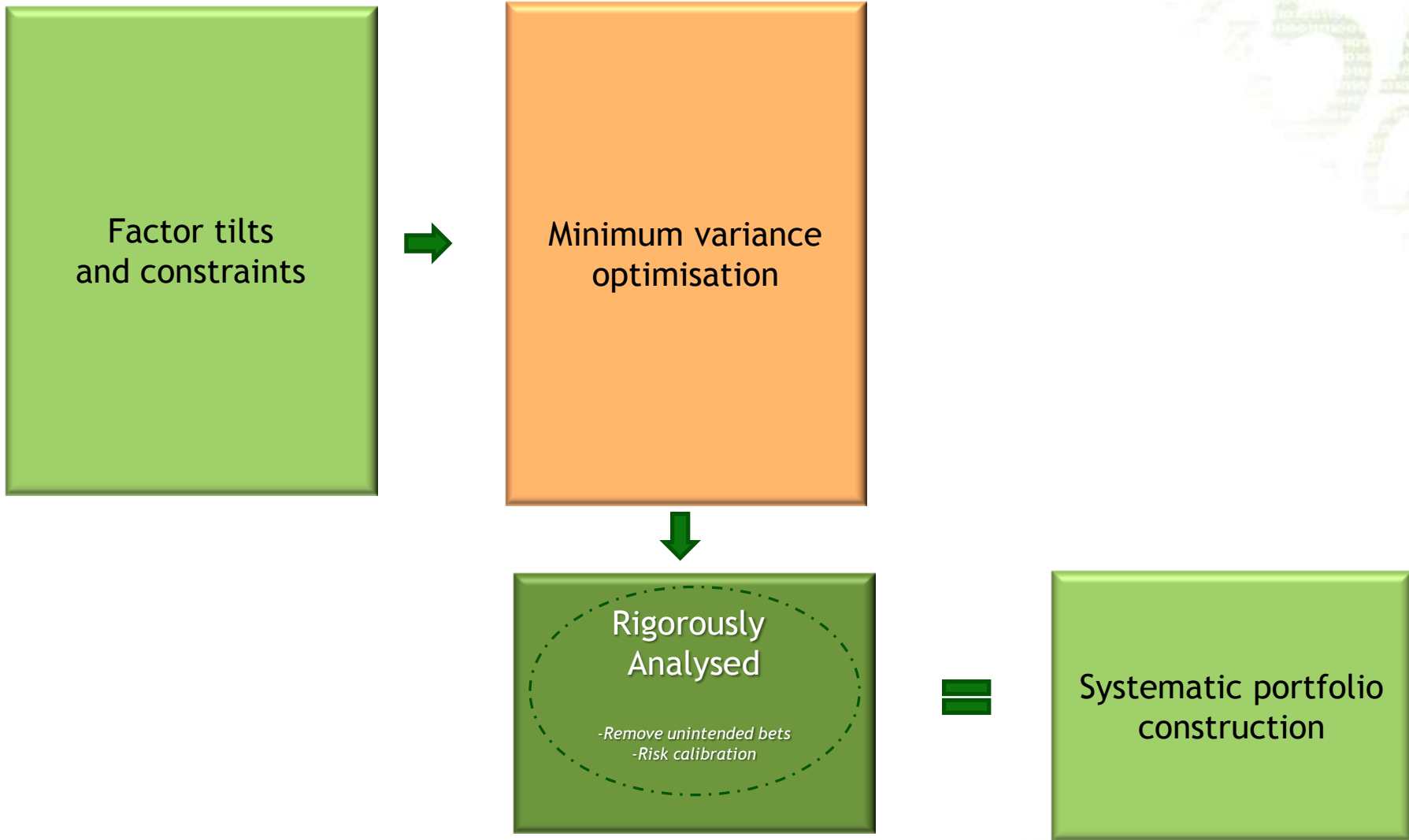
Pioneering approach has a *low correlation* to other strategies

Snapshots of the portfolio ...

Beta	0.79
Volatility - fund (a)	17.1
Volatility - SWIX (b)	21.4
Risk ratio = (a)/(b)	0.80
Maximum contribution to total risk	10%
Number of shares	101
Average tilt	0.5
Ex ante tracking error	5.1

Source: IMAPS

Systematic portfolio construction



Portfolio construction process

At portfolio level:

- ▲ Generate alpha: High factor tilt
 - value
 - yield
 - momentum
- ▲ Manage risk: Low *covariance*
 - individual share volatility
 - Correlation *between* shares

Why managed volatility?

Smoothing your return path....

- ✓ Low correlation to other active equity strategies - diversification benefit
- ✓ Unique return source not focused on by other active equity strategies
- ✓ Strong performance across different market conditions
- ✓ Significant volatility reduction - a less volatile return path

Regulatory Information

Old Mutual Investment Group (South Africa) (Pty) Limited

Physical Address: Mutualpark, Jan Smuts Drive, Pinelands, 7405

Telephone number: +27 21 509 5022

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All employees of Old Mutual Investment Group are remunerated with salaries and standard short-term and long-term incentives. No commission or incentives are paid by Old Mutual Investment Group to any persons. All inter-group transactions are done on an arms lengths basis.

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